

TEACHERS' RETIREMENT BOARD
BUDGETS AND AUDITS COMMITTEE

SUBJECT: 2002/2003 Budget - Proposed Budget
Revised

ITEM NUMBER: 4a

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: October 11, 2001

INFORMATIONAL:

PRESENTER: Peggy Plett

Attached is the Revised Proposed Budget and supporting detail for the 2002-2003 fiscal year (Attachment I). This revised proposed budget is \$73,773,100 a 24.3% increase over 2001-2002 and an increase of 34 positions. The increases are due to baseline adjustments and 18 Budget Change Proposals (BCP's) which represent expansion or changes to programs.

This package reflects four new BCP's from the package issued in July and a major funding change to 4 existing BCPs. The additional BCP's were completed after the initial proposed budget was submitted to the Board. The first (BCP #15 - Survivor Benefits Division) seeks to add three additional staff to support additional workload in the Survivor Benefits Division. The second (BCP #16 - Project Management Office) seeks approval to establish a Project Management Office with three additional staff. The third (BCP #17 - Administration Branch) seeks funding to support a reconfiguration to agency headquarters while (BCP #18 - Client Benefits Branch) seeks approval to establish 13 positions to address workload issues in the Client Benefits and Services Branch.

The BCP's being revised are requesting additional funding: BCP #7a for operating system upgrades; BCP #8 for Teale Data Center; BCP #10a for the Corporate Imaging Project, while BCP #12 seeks additional funding to implement AB 2700 Creditable Compensation.

There are also several open issues that may have an impact on the proposed budget. These issues are the status of the Corporate Imaging Project, Teale Data Center costs, other IT related costs and the implementation of AB 2700 and AB 1509. Any fiscal changes to these issues will be incorporated into the final budget.

Please note that not all information and (or) data have been received by staff on statewide issues such as pro rata adjustments. As such, this presentation is without that final cost data. However, our final budget numbers will be adjusted for those statewide issues.

The detailed BCP narratives are submitted to the Committee for its review at this time. Staff are requesting that the Committee approve this 2002-2003 FY revised proposed budget.

REVISED PROPOSED BUDGET
2002-2003 BUDGET YEAR
STATE TEACHERS' RETIREMENT SYSTEM
FUND 0835

2001-02 APPROVED GOVERNOR'S BUDGET \$59,362,000

I. BASELINE ADJUSTMENTS:

Merit Salary Adjustment	612,000	
Price Increase @ 2%	683,000	
Hdqtrs. Building Rent Adjustment	134,000	
Employee Compensation Adjustment	(68,400)	
Retirement Rate Adjustment	Pending	
Pro Rata Adjustment	Pending	
Delete 2001-02 One-Time Costs	(4,641,100)	
Total Baseline Adjustments		(3,280,500)

II 2002-2003 PROPOSED BUDGET NEEDS, AS OF SEPTEMBER 30, 2001:

Business Growth	9,360,800	
One-Time Expenditures	8,330,800	
Total Proposed Budget Needs		17,691,600

TOTAL PROPOSED, 2002-2003 \$73,773,100

INITIAL PROPOSED BUDGET
2002-2003 BUDGET YEAR
STATE TEACHERS' RETIREMENT SYSTEM
FUND 0835

2001-02 APPROVED GOVERNOR'S BUDGET \$59,362,000

I. BASELINE ADJUSTMENTS:

Merit Salary Adjustment	(Estimate)	475,000
Price Increase @ 2%	(Estimate)	683,000
Hdqtrs. Building Rent Adjustment		Pending
Pro Rata Adjustment		Pending
Delete 2001-02 One-Time Costs		(4,641,100)
Total Baseline Adjustments		----- (3,483,100)

II 2002-2003 PROPOSED BUDGET NEEDS, AS OF MAY 31, 2001:

Business Growth	2,630,000
One-Time Expenditures	5,156,900
Total Proposed Budget Needs	----- 7,786,900

TOTAL PROPOSED, 2002-2003 \$63,665,800

REVISED PROPOSED BUDGET
2002-2003 BUDGET YEAR
STATE TEACHERS' RETIREMENT SYSTEM
HEALTH BENEFITS FUND 8001

2000-01 APPROVED GOVERNOR'S BUDGET	\$362,900
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I. BASELINE ADJUSTMENTS:

Total Baseline Adjustments	-----	0
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TOTAL PROPOSED, 2002-2003	<u><u>\$362,900</u></u>
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REVISED BUDGET CHANGE PROPOSALS
2002-2003
STATE TEACHERS' RETIREMENT SYSTEM
FUND 0835

<u>PROPOSED CHANGE</u>	<u>Positions</u>	<u>Amount</u>	<u>One-Time</u>	<u>Perm</u>
BUSINESS SERVICES				
1. Establish one position in the Business Services Division due to increased workload.	1.0	\$50,900	\$ 7,900	\$ 43,000
INVESTMENTS				
2. Establish seven positions in support of additional activities in the Investment Office. Due to increased workload.	7.0	\$566,700	\$ -	\$ 566,700
FINANCIAL EDUCATION PROGRAM				
3. Financial Education Program Enhancements. Develop CalSTRS video, update social security video, and make website improvements.	- - -	\$144,000	\$ 144,000	\$ -
DIVISION OF ACCOUNTING				
4. Augment CSUS student contract.	----	\$30,000	\$ -	\$ 30,000
5. Consultant to assist in the implementation of General Ledger interface with START.	----	\$154,300	\$ 154,300	\$ -
6. One Accounting Administrator 1, Supervision of the Cashiering & Contribution accounting unit to insure the financial integrity of the retirement system.	1.0	\$91,000	\$ 8,200	\$ 82,800
INFORMATION & TECHNOLOGY SERVICES DIVISION				
7.A Upgrade PC's to current Windows operating system & application softwar	----	\$430,000	\$ 430,000	\$ -
7.B Upgrade equipment for migrating from Novell Netware to Microsoft Windows 2000.	----	\$110,000	\$ 110,000	\$ -
8. Augment Teale Data Center line item for testing and additional maintenance.		\$5,561,000	\$ -	\$5,561,000
9. Two Staff Information Systems Analysts for START maintenance support. Augment contractor positions to design & develop legislative enhancements as well as design and coding of change initiation requests.	2.0	\$817,700	\$ 55,800	\$ 761,900
OMNIBUS TECHNOLOGY				
10.A Corporate Imaging Project, analyze, design & implement CB&S Branch electronic workflows.	----	\$4,640,700	\$4,263,800	\$ 376,900
10.B One staff to develop and enhance multiple e-Service functionality. 1099 access, PIN/Password, direct deposit advice access.	1.0	\$624,400	\$ 544,900	\$ 79,500

REVISED BUDGET CHANGE PROPOSALS
2002-2003
STATE TEACHERS' RETIREMENT SYSTEM
FUND 0835

11. Augment staff for a dedicated Virus Security Administrator.	1.0	\$251,000	\$ 170,100	\$ 80,900
MEMBERSHIP				
12. Implement AB 2700 Creditable Compensation. Establish two Senior Pension Prog. Reps. and modify subsystem.	2.0 LT	\$1,630,300	\$ 1,526,000	\$ 104,300
13. Reporting feasibility study report to assess the simplification and consolidation of CalSTRS reporting requirements.	---	\$300,000	\$ 300,000	\$ -
14. Augmentation to redesign Annual Statement.	---	\$100,000	\$ 100,000	\$ -
Survivor Benefits				
15. Establish three positions in the Survivor Benefits Division to address workload.	3.0 LT	\$143,700	\$ -	\$ 143,700
Project Management				
16. Establish a Project Management Office	3.0	\$257,800	\$ 15,800	\$ 242,000
Administration				
17. Augmentation to reconfigure agency headquarter facilities	0.0	\$500,000	\$ 500,000	\$ -
Client Benefit & Services Branch				
18A. Establish 3 positions to address workload issues in Service Retirement	3.0	\$143,800	\$ -	\$ 143,800
18B. Establish 2 positions and augment Counseling contracts to address workload issues in Regional Counseling Services.	2.0	\$743,400	\$ -	\$ 743,400
18C. Establish 7 positions to address workload issues in the Public Service Office.	7.0	\$353,400	\$ -	\$ 353,400
18D. Establish 1 position to address workload issues in Support Services.	1.0	\$47,500	\$ -	\$ 47,500
TOTAL Proposed Budget Needs	<u>34.0</u>	<u>\$17,691,600</u>	<u>\$8,330,800</u>	<u>\$9,360,800</u>